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Message Text

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53
ACTION IO-11

INFO OCT-01 AGR-05 AID-05 EB-07 EUR-12 COME-00 ISO-00

TRSE-00 OIC-02 L-03 OMB-01 CIAE-00 INR-07 NSAE-00

PA-01 PRS-01 USIA-06 AF-06 ARA-06 EA-07 NEA-10 CEA-01

FRB-03 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 /106 W
---------- 123745
P R 231300Z JAN 76
FM AMEMBASSY ROME
TO SECSTATE WASHDC PRIORITY 5310
INFO USMISSION USUN NEW YORK
USMISSION OECD PARIS
USMISSION EC BRUSSELS

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FODAG

E.O. 11652: N/A
TAGS: EFIN, EAID, EAGR
SUBJECT: OECD/DAC GROUP MEETING AT FAO - IFAD

REF: A-ROME 0852, B-ROME 991, C-ROME 0772, D-STATE 14172,
E-STATE 15341

SUMMARY: GONZALA BULA HOYOS, INDEPENDENT CHAIRMAN OF THE FAO COUNCIL, MET WITH THE OECD/DAC GROUP ON THURSDAY, JANUARY 22, TO CONSIDER FAO RELATIONS WITH IFAD; FAO RELATIONS WITH THE WORLD FOOD COUNCIL; AND BULA HOYOS' WORK IN ORGANIZING THE AD HOC COMMITTEE TO REVIEW THE FAO COUNCIL'S COMMITTEES. LATTER TWO ISSUES WILL BE DEALT WITH IN SEPARATE MESSAGE. OECD GROUP MADE CLEAR THEIR VIEW THAT IFAD SHOULD BE KEPT DISTINCT AND INDEPENDENT FROM FAO; IT WAS TOO LATE TO RAISE NEW ISSUES WHEN REAL NEED WAS TO CREATE IFAD, AND IT WOULD BE A GREAT MISTAKE IN PARTICULAR TO REOPEN ISSUE OF IFAD BORROWING AUTHORITY. END SUMMARY.
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1. BULA HOYOS, INDEPENDENT CHAIRMAN OF THE FAO COUNCIL, ASKED TO MEET WITH OECD/DAC GROUP IN ORDER TO EXCHANGE VIEWS. HE HOPED THIS ONE OF MANY SUCH MEETINGS. MEETINGS WOULD HELP HIM IN ROLE AS INDEPENDENT CHAIRMAN. HE ALSO NOTED FAO CONFERENCE ASKED FAO COUNCIL AND DIRECTOR-GENERAL TO GIVE ALL ASSISTANCE TO IFAD. IN THIS DIRECTION FAO DIRECTOR-GENERAL SAOUMA HAS PORPOSED SEVERAL AMENDMENTS TO IFAD AGREEMENT AND HE IS SEEKING MEMBER STATE REACTIONS TO HIS PROPOSALS. AMENDMENTS AND COMMENTS WERE DISTRIBUTED TO OECD/DAC GROUP AND ARE SAME AS REFTEL B, WITH COMMENT ADDED REFTEL C. BULA HOYOS SAID HE AND DIRECTOR-GENERAL HAD MET WITH SEVERAL GROUP OF 77 COUNTRIES, JANUARY 21, AND D-G'S IDEAS HAD MET WITH FAVORABLE REACTION IN GENERAL.

2. BULA-HOYOS MADE CLEAR HE WAS NOT DEFENDING D-G'S PROPOSALS OR SUPPORTING EACH WORD. WHAT HE WANTED WAS A GENERAL REACTION. REACTION WOULD HELP D-G DRAFT AGREEMENT BETWEEN FAO AND IFAD AS INSTRUCTED BY CONFERENCE.

3. BASICALLY, BULA-HOYOS DESCRIBED D-G PROPOSALS AS SUPPORTING D-G BELIEF THAT FAO SHOULD HAVE MAJOR ROLE IN IFAD. FAO SHOULD ASSESS PROJECTS AND DETERMINE AGRICULTURAL DEVELOPMENT POLICIES IN CONNECTION WITH IFAD PROJECTS. FAO COULD ALSO PARTICIPATE IN OVERSEEING PROJECTS. SOME EVEN GO AS FAR SSEING IFAD AS FAO'S BANK. FAO SHOULD BE PRINCIPAL INSTRUMENT OF IFAD, BUT THIS IS NOT TO SAY FAO SHOULD BE ONLY INSTRUMENT. IFAD AS SPECIALIZED AGENCY CAN USE OTHER BODIES TOO.

4. AUSTRALIAN, ALPEN, REPLIED ON INSTRUCTION THAT D-G'S PROPOSALS "MOST UNACCEPTABLE." HE THEN TOUCHED ON EACH AMENDMENT THAT INCREASED FAO'S CONTROL OVER IFAD AND EXPRESSED SPECIFIC OBJECTIONS. HE ALSO DISAPPROVED OF IFAD BORROWING AUTHORITY, INDICATING SURPRISE THAT THIS ISSUE WAS BEING RAISED AGAIN AND SAYING AUSTRALIA WAS FIRMLY OPPOSED TO IFAD BEING A DEVELOPMENT BANK, WHICH WOULD INVOLVE LARGE STAFF.

5. AFTER AUSTRALIA, US, ITALY, UK, NEW ZEALAND, CANADA, SWITZERLAND, JAPAN AND BELGIUM ALL EXPRESSED SIMILAR THOUGHTS ALTHOUGH MOST DID NOT HAVE FORMAL INSTRUCTIONS. ALTHOUGH 100 PERCENT IN ACCORD, EACH COUNTRY STRESSED DIFFERENT AS-

PECTS OF UNACCEPTABLE NATURE OF AMENDMENTS. U.S. STRESSED NEED TO SETTLE IFAD NEGOTIATIONS WITHOUT NEW DEVISIVE ISSUES. UK TOOK APART BORROWING AUTHORITY, E.G., POINTING OUT FUND WOULD NOT HAVE COLLATERAL OF KIND NORMALLY REQUIRED AND IBRD AFTER ALL THESE YEARS IS ONLY NOW OPENING THIRD WINDOW. ITALY FELT IT TOO EARLY TO SETTLE IFAD/FAO RELATIONS BEFORE IFAD EXISTED. ITALY URGED THAT CLOSE RELATIONS BETWEEN IFAD AND FAO ARE NECESSARY AND BELIEVED THIS SHOULD BE NEGOTIATED

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IN SEPARATE IFAD/FAO AGREEMENT AND NOT IN IFAD ARTICLES. BELGIUM NOTED ECOSOC HAD JUST CREATED A COMMITTEE TO CONSIDER AGREEMENTS BETWEEN IFAD AND OTHER UN BODIES.

6. BULA-HOYOS SUMMED UP OECD/DAC GROUP REACTION AS "NEGATIVE." HE WENT ON TO NOTE EVERYONE HAD EXPRESSED VIEW THAT FAO HAD AN IMPORTANT ROLE TO PLAY AND ITS EXPERTISE MUST BE USED. HE WAS SURE AGREEMENT COULD BE REACHED AND THOUGHT A CONTACT GROUP COULD BE USED.

7. MANY OECD COUNTRY REPS QUESTIONED BULA-HOYOS ON USE OF GROUP OF 77 AND OECD/DAC GROUP. GROUP POLARIZED DISCUSSIONS WHILE IN FACT MANY COMMON VIEWS HELD IN TWO GROUPS. IFAD WAS SET UP ON BAIS OF GROUPS, BUT ON MANY ISSUES IT WOULD BE BETTER FOR DCS AND LDCS TO MEET TOGETHER TO HEAR EACH OTHER'S VIEWS.

8. AFTER DEPARTURE OF BULA-HOYOS, GROUP NOTED THEY WOULD BE MEETING WITH D-G SAOUMA ON JANUARY 26 WITH NO SPECIFIC AGENDA, BUT PRESUMABLY ON IFAD. SOME MEMBERS HAD HEARD THAT GROUP OF 77 REACTION TO IFAD PROPOSALS LESS THAN "GERNERALLY FAVORABLE", AND IT IS VERY IMPORTANT TO MAINTAIN TALKS WITH GROUP OF 77. SEPARATE MEETINGS OF GROUP OF 77 AND OECD/DAC TEND TO POLARIZE DISCUSSIONS AT FAO.

9. NEWS REPORTS THAT EEC COUNCIL HAD DECIDED AGAINST EEC PARTICIPATION IN IFAD WAS DENIED REPEAT DENIED BY EEC MEMBERS. EEC MEMBER STATES EXPLAINED EEC COUNCIL OF MINISTERS HAD REACHED NO DECISION. IT STILL WAS BELIEVED EEC WOULD PARTICIPATE IN IFAD AS A COMMUNITY, BUT MORE WORK HAD TO BE DONE. IN ANY CASE, EEC MEMBER STATES WILL PARTICIPATE IN IFAD AND AT UPCOMING IFAD MEETING WILL BE COORDINATING THEIR POSITIONS. LATER, BELGIUM AND U.S. REPS DISCUSSED SITUATION WITH
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DR. HANNAH WHO HAD EXPRESSED CONCERN TO U.S. DR. HANNAH HAS BEEN OPERATING UNDER ASSURANCES FROM EEC THAT EEC WOULD PARTICIPATE IN IFAD.

10. UK ALSO PRESENTED DRAFT EXPLANATORY MATERIAL ON IFAD MONITORING OF PROJECT LOANS FOR USE IN DISCUSSING ISSUE OF USE OF NATIONAL INSTITUTIONS, SEPTEL. VOLPE

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